

BUDGET SUMMARY

	FY 03 Adopted	FY 03 Projected	FY 04 Adopted Plan	FY 04 Adopted
Real Estate	\$ 45,547,095	\$ 46,803,718	\$ 48,649,341	\$ 50,614,836
Personal Property	8,300,000	8,300,000	8,720,000	8,680,000
Mobile Homes	75,000	75,000	70,000	70,000
Machinery and Tools	5,380,000	5,646,000	5,649,000	5,209,000
Public Service	1,550,000	1,443,979	1,750,000	1,500,000
Delinquent Real Estate Taxes	1,500,000	1,500,000	1,500,000	1,500,000
Delinquent Personal Property	378,000	378,000	438,500	438,000
Penalties and Interest	594,500	725,000	635,000	740,000
Total	\$ <u>63,324,595</u>	\$ <u>64,871,697</u>	\$ <u>67,411,841</u>	\$ <u>68,751,836</u>

BUDGET COMMENTS

General Property Taxes include revenues received from levies made on real and personal property of County residents and business establishments.

Real Estate Property Taxes on residential and business land and buildings are based upon a tax rate per \$100 of assessed value, which is adopted by the Board of Supervisors during the budget process. The tax rate is then applied to the assessed value of individual property, as determined by the Real Estate Assessor during the annual assessment. The Commonwealth of Virginia requires localities to assess real property at 100 percent of market value.

The actual collections for FY 2003 are expected to be 2.8 percent higher than the budgeted figure. The projected FY 2004 revenue, when compared to expected actual collections in FY 2003 represents an increase in 8.1 percent. This is attributed to a projected growth of 4.4 percent and reassessment of 3.7 percent.

Personal Property Taxes are assessed by the Commissioner of the Revenue on four major property categories - individual personal property, business personal property, mobile homes, and machinery and tools. The tax rate is \$4.00 per \$100 of assessed value. Individual and business vehicles are assessed at 100 percent of loan value as determined by the National Automobile Dealers Association. Business equipment, machinery, and tools are assessed at 25 percent of capitalized cost. Mobile homes are assessed at current market value and are billed at the real estate tax rate. The State subsidizes localities for taxes on some vehicles used for personal use and, as a result, the collection of personal property taxes is partially shifting from local taxpayers to the State under the State's "Car Tax" initiative. The chart on page B-3 illustrates the impact:

BUDGET COMMENTS, Continued

	FY 03 <u>Adopted</u>	FY 04 <u>Adopted Plan</u>	FY 04 <u>Adopted</u>
<u>"Car Tax" Impacts</u>			
Local Collections	\$ 8,300,000	\$ 8,720,000	\$ 8,680,000
From the Commonwealth	<u>9,300,000</u>	<u>10,080,000</u>	<u>9,770,000</u>
	<u>\$ 17,600,000</u>	<u>\$ 18,800,000</u>	<u>\$ 18,450,000</u>

Overall, personal property collections are expected to increase 4.8 percent.

Unaffected by the State's "Car Tax" initiative are County personal property assessments on boats, airplanes, trucks, trailers, and business personal property.

Public Service Assessments are performed by the State Corporation Commission on property owned by regulated public utilities, which include railroads, electric, telephone, gas, and telecommunications companies. The assessments are based on value and the effective true tax rate. This rate is calculated by multiplying the nominal tax rate of \$.87 by the median sales assessment ratio. The most recent information available is for 2002 where the ratio was 90.4 percent. This ratio has declined making the effective true tax rate \$.79 per hundred. Public Service Assessments are projected to remain level with FY 2003 collections as any increase in values will be offset by the decline in the effective true tax rate.

Machinery and Tools are those items of business personal property that are used in a manufacturing application and the assessment of machinery and tools is based on costs. There is projected decrease in actual collections due to the loss of two industrial companies in the County.